



25 Sigourney Street
Hartford CT 06106-5032

STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

PS 2006(4)

POLICY STATEMENT

Tax Exempt Purchases by Connecticut State Agencies

Purpose: This Policy Statement discusses tax exemption numbers for Connecticut government agencies, and the use of purchasing cards (P-cards) by Connecticut government agencies that qualify for sales and use tax exemption under Conn. Gen. Stat. §12-412(1)(A).

Effective Date: Effective upon issuance.

Statutory Authority: Conn. Gen. Stat. §12-412(1)(A)

Background: State government agencies have ongoing difficulties with retailers substantiating their tax-exempt status. Retailers that deal with government agencies also experience problems in verifying tax-exempt purchases. To remedy these difficulties and to allow both the agencies and their retailers to operate more efficiently, the Department of Revenue Services (DRS) has issued tax exemption numbers to state government agencies. Additionally, state government agencies issue P-cards to certain employees for use in making purchases on behalf of the government agency.

Tax Exemption Numbers for State Agencies: DRS has issued tax exemption numbers only to Connecticut state agencies. Tax exemption numbers are not assigned to agencies of the United States government or to municipalities or their agencies.

For paper purchase orders, the agency's tax exemption number is used in conjunction with **CERT-134, Exempt Purchases by Qualifying Governmental Agencies**. The tax exemption number also appears on the agency's P-cards (See *Purchasing Cards*).

Purchasing Cards: The Comptroller's Office has developed a purchasing card program for state agencies. P-cards, which are similar to credit cards, may be used by authorized state agency personnel to make agency purchases of \$1,000 or less. In addition to having the agency's tax exemption number on the face of the P-card, "State of Connecticut" is printed on the card. Although state-issued P-cards include the individual state employee's name, the purchase is made by the qualifying agency and, therefore, is exempt from tax. As government agencies move from paper purchase orders to P-cards, tax exemption numbers are particularly important in helping the P-card program operate smoothly.

Verifying Authorized Connecticut P-Card Purchases: To verify that the person using a state-issued P-card is authorized to use it, a retailer must require identification, such as an employee photo identification badge, establishing the person's identity and status as a Connecticut state employee. The retailer must note the employee's name and the Connecticut government agency that employs the individual on the merchant copy of the sales receipt the retailer keeps for its records.

If the retailer has reason to believe that a P-card is being used to make any purchase not directly billed to and paid by the Connecticut government agency, or that for any other reason the purchase does not qualify for exemption under Conn. Gen. Stat. §12-412(1), the retailer must charge sales and use tax on the purchase. The P-card holder can request a refund from DRS for the tax by submitting evidence that the purchase was paid directly by the qualifying agency. The purchaser should follow the procedures in **Policy Statement 98(5), Sales and Use Tax Refund Policy**.

Retailers failing to follow the verification guidelines established by DRS for authorized P-card users may be held liable for sales and use taxes on those sales.

Meals and Lodging Preapprovals: DRS requires qualifying state agencies and all other exempt organizations to obtain advance approval for sales and use tax exemptions for meals and lodging. See **Policy Statement 2003(4)**, *Purchases of Meals or Lodging by Exempt Entities*; **CERT-112**, *Exempt Purchases of Meals or Lodging by Exempt Entities*; and **CERT-123**, *Blanket Certificate for Exempt Qualifying Purchases of Meals or Lodging by an Exempt Organization or Qualifying Governmental Agency*.

Sales and Purchases by Federal Government Agencies: For information on sales and purchases by federal government agencies, see **Policy Statement 2000(1.1)**, *Retailer's Acceptance of U.S. Government "GSA SmartPay" Credit Card for Exempt Purchases*.

Effect on Other Documents: **Policy Statement 2006(4)** modifies and supersedes **Policy Statement 98(4)**, *Tax Exemption Numbers for Connecticut State Agencies*.

Effect of This Document: A Policy Statement explains in depth a current Department of Revenue Services (DRS) position, policy, or practice affecting the tax liability of taxpayers.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (in-state); or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Visit the DRS Web site at **www.ct.gov/DRS** to download and print Connecticut tax forms; or
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- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (in-state) and select **Option 2** from a touch-tone phone.
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Paperless Filing/Payment Methods (fast, easy, free, and confidential):

- **For business returns:** Use ***Fast-File*** to file sales and use taxes, business use tax, room occupancy tax, estimated corporation business tax, business entity tax, attorney occupational tax, nursing home provider fee, admissions and dues tax, or withholding tax returns over the Internet. Visit the DRS Web site at **www.ct.gov/DRS** and click on ***File/Register OnLine***.
 - **For payment of business taxes other than those listed above:** Use ***Fast-File*** to pay your business taxes over the Internet or by phone. Visit the DRS Web site at **www.ct.gov/DRS** and click on ***Electronic Services*** for a list of eligible taxes. The ACH debit method is used to make the transfer. No preregistration is required.
 - **For resident income tax returns:** Use ***WebFile*** to file personal income tax returns over the Internet. Visit the DRS Web site at **www.ct.gov/DRS** and click on ***File/Register OnLine***.
 - **For electronic filing of income tax extensions, estimated payments, and for electronic bill payments:** Use ***WebFile*** to electronically file personal income tax returns over the Internet. You can also use ***WebFile*** to make an electronic income tax payment for a prior year. Visit the DRS Web site at **www.ct.gov/DRS** and click on ***File/Register OnLine***.
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